Lagenda Properties (LAGENDA MK)

Current Diesel Cost Hikes Remain Manageable

BUY (Maintained)

Share Price	RM1.45
Target Price	RM1.88
Upside	29.7%

Highlights

- Diesel costs hikes can be passed through via modest price escalation on a per unit basis, due to economies of scale across townships.
- Lagenda maintains its 2026 launch target of RM2.65b (+16% yoy), with the launch schedule unchanged and skewed towards 2H26 (77% of GDV).
- Offers dividend yield of 5.7% for 2026. Maintain BUY with an unchanged target price of RM1.88.

Analysis

- **Infrastructure cost pressures from diesel hikes,…** With rising diesel prices following the Iran war, Lagenda Properties (Lagenda) flagged infrastructure cost pressures from higher upfront mobilisation costs, with some contracts potentially subject to renegotiation. Construction costs typically account for 40-50% of project GDV, while infrastructure costs are more limited at 2-5% of GDV.
- **…but impact remains manageable.** Nevertheless, management sees manageable impact for now, as major infrastructure works at its Kulai township (estimated 15,000 units across 1,070 acres) have largely been completed, with remaining infrastructure exposure relating to its Sungai Petani second township, which has yet to be launched. These costs can be passed through via price escalation and should remain modest on a per-unit basis, supported by the scale of the new Sungai Petani township (estimated 8,500 units across 855 acres). We believe this is further supported by Lagenda's in-house construction arm and focus on predominantly single-storey landed housing products, with no high-rise launches planned over the next 2-3 years.
- **Maintains its launches target and schedule for 2026.** For 2026, management targets a launch GDV of RM2.65b across 8,903 units (vs 2025: RM2.23b across 7,914 units), anchored by new township launches in Sungai Petani and Senawang, representing a yoy growth of 16% in GDV and 12% in units. Positively, the majority of Lagenda launches are skewed towards 2H26, providing flexibility to readjust pricing strategy if needed, with 77% of GDV launches scheduled for 2H26. Management targets for RM1.9b in sales for 2026 (+11% yoy from RM1.71b in 2025).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net Turnover	989	1,056	1,694	2,021	2,417
EBIT	273	273	424	525	628
Net Profit (Reported/Actual)	185	179	277	347	418
Net Profit (Adjusted)	185	184	277	347	418
Diluted EPS (sen)	22.1	16.2	24.4	30.6	36.9
PE (x)	6.6	8.9	5.9	4.7	3.9
P/B (x)	1.4	1.2	1.1	0.9	0.8
EV/EBITDA (x)	6.2	7.0	4.5	3.7	3.3
Dividend Yield (%)	4.5	4.5	5.7	7.2	8.6
Net Margin (%)	18.7	17.4	16.3	17.2	17.3
Net Debt/(Cash) to Equity (%)	40.8	55.3	46.1	43.1	40.5
Interest Cover (x)	11.2	9.8	11.4	13.1	14.3
ROE (%)	15.1	13.5	18.0	19.3	19.8
Consensus Net Profit			262	325	418
UOBKH/Consensus (x)			1.1	1.1	1.0

Source: Lagenda, Bloomberg, UOB Kay Hian

Analyst(s)
Ng Jo Yee
joyee@uobkayhian.com
+603 2147 1984

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	LAGENDA MK
Shares issued (m):	832.4
Market cap (RMm):	1,207.0
Market cap (US$m):	304.4
3-mth avg daily t'over (US$m):	0.5

Price Performance (%)

52-week high/low: RM1.56/RM1.12

1mth	3mth	6mth	1yr	YTD
5.8	3.6	17.9	27.2	16.0

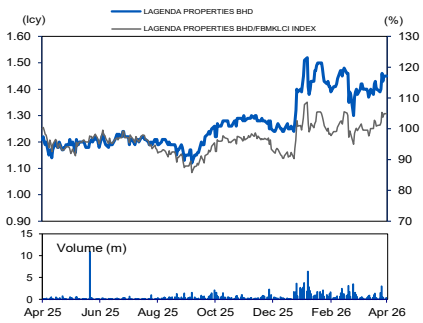
Major Shareholders %

Dato' Doh Jee Ming	60.7
UJSB	1.9

Balance Sheet Metrics %

FY26 NAV/Share (RM)	1.84
FY26 Net Debt/Share (RM)	0.85

Price Chart



Source: Bloomberg

Company Description

Lagenda is involved in property development and construction businesses, primarily focusing on providing affordable homes to cater to the B40 and M40 income group.

- **Maintains active landbank replenishment.** As of end-Dec 25, Lagenda's net gearing ratio remained elevated at 0.56x (vs end-Dec 24: 0.42x), largely reflecting land acquisitions for its Kulai township (around RM400m) and second Sungai Petani township (about RM150m). Nevertheless, management remains active in replenishing its landbank, with capacity to support up to RM3b in GDV across Selangor, Negeri Sembilan, Johor and Kedah. This is supported by strong cash flow visibility from its sales pipeline (RM1.7b/RM1.9b in 2025/26) and record-high unbilled sales (RM1.6b as of end-Dec 25). As a benchmark, land cost-to GDV ratios typically remain below 11% for larger townships (around 1,000 acres), vs 11-14% for smaller developments.
- **Margin recovery expected over the medium term.** Management expects margins to gradually improve over 2026-27, eventually returning to the 20% level over time. We forecast earnings growth of 50%/26% yoy in 2026/27, and expect a more gradual margin recovery as the benefits from tapering upfront infrastructure works for the new townships become more evident from 2027 onwards.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM1.88,** based on a discount to RNAV of 30%. Our target price implies 1.4x 2026F P/B and 7.7x 2026F PE (on a fully diluted basis). We expect a 37% two-year earnings CAGR during 2025-27, driven by record-breaking sales and launches over the past year, supported by all-time high unbilled sales of RM1.6b as of end-25. Lagenda currently offers a 2026/27 dividend yield of 5.7%/7.2% respectively, the highest among our coverage.

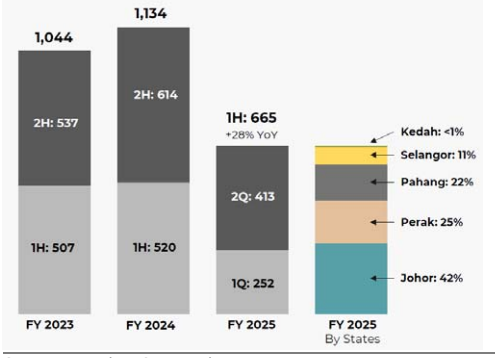
Earnings Revision/Risk

- None.

Environmental, Social, Governance (ESG) Updates

- Environment: Targets to reduce GHG emissions by 10% by 2025 and 45% by 2030, using 2021 as a baseline.
- Social: Promotes diversity with a 33% female board representation.
- Governance: Promotes diversity with a 33% female board representation.

Property Sales By Geography In 2025



Source: Lagenda, UOB Kay Hian

12-Month Forward P/B Band

Source: Lagenda, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	1,056	1,694	2,021	2,417
EBITDA	278	429	531	633
Deprec. & amort.	5	6	5	5
EBIT	273	424	525	628
Associate contributions	2	0	0	0
Net interest income/(expense)	(28)	(37)	(40)	(44)
Pre-tax profit	247	386	485	585
Tax	(68)	(110)	(138)	(166)
Minorities	0	0	0	0
Net profit	180	277	347	418
Net profit (adj.)	184	277	347	418

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	46	45	43	42
Other LT assets	1,045	1,088	1,267	1,484
Cash/ST investment	226	305	322	346
Other current assets	1,572	2,041	2,356	2,739
Total assets	2,891	3,478	3,989	4,612
ST debt	738	591	472	378
Other current liabilities	515	799	945	1,121
LT debt	224	424	624	824
Other LT liabilities	82	126	148	175
Shareholders' equity	1,331	1,539	1,799	2,113
Minority interest	0	0	0	0
Total liabilities & equity	2,891	3,478	3,989	4,612

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	(201)	99	26	27
Profit fo the year	247	386	485	585
Tax	(68)	(110)	(138)	(166)
Deprec. & amort.	5	6	5	5
Associates	(2)	0	0	0
Working capital changes	(296)	(183)	(327)	(396)
Other operating cashflows	(89)	0	0	(0)
Investing	32	(4)	(4)	(4)
Capex (growth)	0	0	0	0
Investment	115	115	115	115
Proceeds from sale of assets	2	0	0	0
Others	(84)	(119)	(119)	(119)
Financing	69	(17)	(5)	1
Dividend payments	(59)	(69)	(87)	(105)
Proceeds from borrowings	147	200	200	200
Loan repayment	(3)	(148)	(118)	(94)
Others/interest paid	(16)	0	0	0
Net cash inflow (outflow)	(100)	78	17	24
Beginning cash & cash equivalent	246	226	305	322
Changes due to forex impact	80	0	0	0
Ending cash & cash equivalent	226	305	322	346

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	26.4	25.3	26.3	26.2
Pre-tax margin	23.4	22.8	24.0	24.2
Net margin	17.0	16.3	17.2	17.3
ROA	6.6	8.7	9.3	9.7
ROE	14.1	19.3	20.8	21.4
Growth				
Turnover	6.8	60.5	19.3	19.6
EBITDA	0.1	54.1	23.7	19.4
Pre-tax profit	(0.8)	56.3	25.6	20.4
Net profit	(2.9)	54.1	25.6	20.4
Net profit (adj.)	(0.4)	50.3	25.6	20.4
EPS	1.9	50.3	25.6	20.4
Leverage				
Debt to total capital	42.0	39.7	37.9	36.3
Debt to equity	72.3	65.9	60.9	56.9
Net debt/(cash) to equity	55.3	46.1	43.1	40.5
Interest cover (x)	10.0	11.6	13.3	14.4

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link: https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."